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UNFPA INTERNAL AUDIT AND OVERSIGHT ACTIVITIES IN 2002

Report of the Executive Director

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1. This report is submitted in response to a request made by the Executive Board at its second regular session 1996. It provides the Board with a summary of the internal audit and oversight activities of UNFPA in 2002, outlining key issues in the findings of internal audits and in the oversight activities of the UNFPA Office of Oversight and Evaluation (OOE)[1].

I. ORGANIZATION AND RESOURCES

2. Under the provisions of UNFPA Financial Rule 114.18, the Executive Director has arranged with the Administrator of UNDP, for the internal audit services of the Fund to be undertaken by the UNDP Office of Audit and Performance Review (OAPR) on a reimbursable basis. Such reimbursement is effected as part of the UNFPA annual subvention to UNDP.

3. The UNFPA Audit Section was established in May 1993 and operated under the direction of the Director, OAPR, until December 2002. Authorized posts in the section consist of a Chief, three Audit Specialists and two support staff. Internal audit services are also provided through annual contracted audits in Asia and the Pacific and Arab States regions that are supervised by the OAPR Regional Audit Service Centre (RASC) in Malaysia, which receives UNFPA support for financing an individual to assist in the review of UNFPA reports prepared by the contractor. In addition, UNFPA resources provide for Activities of Limited Duration (ALD) contracts that are managed by RASCs in Zimbabwe and Panama to perform audits of UNFPA country offices in those regions. The offices of the RASC in Harare, Zimbabwe, were closed on 30 November 2002. The Centre will be relocated to Pretoria, South Africa, at the beginning of 2003. In addition to contracted audits and ALD resources, the Section uses individual consultants to expand its audit coverage.

4. The budget for the UNFPA audit function in 2002 was $1,500,000. Of this total, $498,500 was for the audit services provided by the three RASCs and the contractors. The balance of $1,001,500 financed the staff and audit activities of the UNFPA Audit Section.

5. In its report on the UNFPA biennial support budget estimates for 2002-2003, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) indicated that proposals should be made to reorganize the audit and oversight functions of the UNFPA. In December 2001, the United Nations Board of Auditors recommended that UNFPA conduct a feasibility study to consider establishing its own internal audit unit and to evaluate the resources needed towards this end. In March 2002, the OOE enlisted the services of a consultant to examine issues relevant to the establishment of audit services within UNFPA. The comments and recommendations of the study were taken into account in the preparation of the revised biennial support budget estimates for 2002-2003, submitted to the Executive Board in September 2002, that included a proposal for the establishment of an internal audit unit in UNFPA. Consequent to the Board's approval, effective 1 January 2003, the Section joined the new

[1] The Division for Oversight Services was established in January 2003. Formerly the Office of Oversight and Evaluation (OOE), the Division for Oversight Services consists of two branches: the Oversight and Evaluation Branch and the Audit Services Branch. Since this report focuses on 2002 activities, the former designation OOE is used in the document.

UNFPA Division for Oversight Services (DOS), and is now referred to as the Audit Services Branch.

II. INTERNAL AUDIT AND REVIEW ACTIVITIES

6. The internal audit and review activities carried out during 2002 include the following:

(a) Management audits in eight country offices, one Country Technical Services Team (CST) office, one division and one functional area at headquarters conducted by the UNFPA Audit Section;

(b) Review of 542 audit reports covering 2001 activities for projects executed by government and non-governmental organizations (NGOs) carried out by the UNFPA Audit Section with the assistance of consultants. Project audit reports for each year are due by 31 March of the following year;

(c) Management audits in 12 country offices in the Africa region undertaken by the RASC in Zimbabwe;

(d) Contracted audits in seven country offices in the Asia and the Pacific region and six country offices in the Arab States and Europe region;

(e) Management audits in eight country offices in the Latin America and the Caribbean region undertaken by the RASC in Panama.

7. The annual audit work plan was developed in close consultation with the OOE. To derive optimal benefit from the limited staff resources, the work plans of the Audit Section and the OOE were coordinated to the extent feasible. These plans were revised as necessary in the course of the year to accommodate special requests from management, and to reflect changing circumstances, particularly in the field. In 2002, OOE undertook one on-site review of follow-up to audit recommendations.

8. Continuous staff development is important to meet current professional challenges. In this respect, the Audit Section staff received training on leadership skills for auditors, report writing, using risk assessment to build individual audit programmes and detecting, investigating and preventing fraud. Following a proactive and preventive approach, the Section offered advisory services to UNFPA units. Some of the services were solicited by the units while others were initiated by the Section following management audits. For example, the Section offered advice on requirements for nationally executed projects and shared the experience of UNDP in this area.

III. PRINCIPAL AUDIT FINDINGS AND FOLLOW-UP ACTIONS TAKEN

9. Out of 41 reports issued in 2002 (including nine reports of 2001 audits), the level of internal controls and the compliance with financial and administrative requirements were found to be satisfactory in 14 offices. Twenty-two offices were rated partially satisfactory and five offices/division were deficient. This represented a slight increase in the number of offices rated satisfactory and partially satisfactory, and a 4.5 per cent decrease in the number of offices rated deficient as compared to 2001. A total of 1,194 recommendations were issued during the year, broken down as follows:

Area	No. of recommendations
Organization and staffing	27
Programme matters	386
Financial operations	120
Personnel administration	242
General administration	297
Office automation	122
TOTAL	1,194

Summary of key issues

10. The following is a summary of issues, classified by subject, raised by the auditors and contractors. It should be emphasized that the observations apply only to some and not to all the audited units. Audit findings are closely reviewed by UNFPA at the most senior level and follow-up actions are undertaken by the concerned parties and monitored by the respective divisions and OOE. Although a number of issues appear repeatedly in the annual reports of the Executive Director on internal audit activities, it should be noted that different countries are covered each year, and, as such, repetitions do not necessarily signify that corrective actions have not been taken. Subsequent audits review the follow-up to previous audits as part of their audit programme.

Advances

11. Audits indicated that in eight out of 41 offices cash advances were not adequately monitored. In five offices cash advances in the amount of $276,000 provided to office, project personnel and individuals were not accounted for. In one office, a cash advance made to a staff member was used for purposes other than originally intended and the funds were not accounted for. In another case, an advance made to an NGO for a seminar had not been accounted for. In most of these offices, records had not been maintained for the advances and, therefore, it was difficult to follow up on them. Subsequently, in response to the audits, country offices have established a register to record and monitor all advances made, and have made use of the register to follow-up on any outstanding advances. Representatives were reminded of the importance of

adhering to UNFPA financial rules related to the issuance of cash advances and of their personal accountability as Representatives for safeguarding UNFPA cash. Geographical divisions at headquarters have been requested to closely monitor the concerned country offices.

Organization and staffing

12. Seven out of 41 reports issued in 2002 indicated that country office organizational charts were not complete and/or reporting lines were not clear. In 11 offices, staffing levels were found to be inadequate because of delays in recruitment. In three other offices, key posts such as the UNFPA Representative or Deputy Representative were not filled in a timely manner. Also, in six offices, project personnel were performing core functions in the country offices.

13. In July 2002, as part of the Fund's transition process, a typology for UNFPA country office staffing was introduced. Country offices were encouraged to use the new typology to reconfigure their office structures and staffing levels, taking into consideration that the structure financed from the biennial support budget was fixed. For posts financed from programme resources, a rationale was to be developed taking into account the characteristics of the activities undertaken and the competencies required for the posts. Implementation of the typology will be initiated in 2003. The new staffing patterns, as approved by the Executive Board, call for the enhancement of office management with the creation of an Operations Manager function in 44 country offices that meet specific criteria.

Programme matters

14. In four offices, the standard basic assistance agreement covering UNFPA activities in the country had not been signed by the respective parties. In 11 offices, project activities were initiated and expenditure incurred before the project documents or letters of understanding were signed. It was also reported that in four offices, government pledges for specific project activities had not been received. Subsequently, the appropriate documents have been signed and efforts made to follow-up with governments to secure pledged funds.

15. In three offices, the annual programme expenditure was in excess of the authorized annual expenditure ceiling. In 2002, the UNFPA Financial Monitoring Committee intensified its efforts to systematically monitor actual and planned expenditures with a view to avoiding over-expenditures and ensuring optimal use of financial resources. Eleven reports indicated that project resources had been used to fund office travel, procure office equipment and vehicles, set up a library and provide training for staff. In six offices, umbrella project funds were not used in accordance with the policies and procedures of the Programme Manual. The audit recommended that expenses charged erroneously be reversed and charged to the appropriate budget. Country offices will endeavour to reverse charges, and in future will utilize umbrella project funds in accordance with the guidelines of the Programme Manual.

16. There were five offices where subcontracts and grants were awarded to NGOs that were not registered with UNFPA; and in seven others, activities undertaken under subcontracts and

grants were not covered by agreements as required by the guidelines. In follow-up actions, country offices have committed to complying with the guidelines for future projects. When feasible, subcontract agreements were concluded retroactively.

17. Monitoring programme activities was reported to be weak in some cases. For example, annual subprogramme reviews were not carried out in five offices, and annual country review meetings were not held in another five. Furthermore, nine offices had not conducted annual field monitoring visits and another five did not document the results of their monitoring visits. To strengthen monitoring UNFPA has revised its programme planning and reporting formats with a view to highlighting the importance of identifying and tracking results. A new feature of the formats is the development of a programme management plan. The purpose of the plan is to improve the management of programme planning, monitoring, and evaluation activities and facilitate a results-based programme management approach. Geographical divisions will be asked to monitor the preparation and implementation of programme management plans.

18. Nine reports indicated that projects had not been financially closed 12 months after the operational completion of project activities, mostly due to delays in complying with project closing procedures. Also, in four offices, equipment had not been systematically disposed of and the disposal appropriately documented upon completion of project operations. It should be noted that country offices are not entirely responsible for the delays in closing projects as some of the documentation originates from the executing agencies. In 2002, the Fund's Division for Management Services (DMS) identified 832 projects for which there had been no financial activity recorded in the period from January 2001. The concerned country offices were contacted to obtain assurances that the appropriate accounting action would be taken with respect to the remaining operating fund account balances associated with these projects in the financial management accounting system. As a result of this review, DMS took action to reduce the balance of outstanding operating fund accounts by $5.7 million, either by recording missing project documents or by accounting write-offs. DMS will continue to review project status in the management accounting system throughout 2003.

Financial operations

19. In two offices the biennial support budget expenditure exceeded the approved allotments; and in five other offices, approval by the Representative for redeployment of funds within budget groups was not documented. In two offices, Representatives had not certified disbursement vouchers. Status of allotment reports were not complete in four offices; and in five other offices they were not certified by the Representative. In six offices, the transactions recorded in the status of allotment reports were not reconciled to the accounts submitted by UNDP. Subsequently, offices have indicated that they now review the status of allotment reports and ensure that the information is complete.

20. Controls over petty cash funds were not always adequate. In 10 offices, the petty cash custodians were not designated in writing, and in an additional seven offices, records of petty cash transactions had not been maintained. In nine offices, surprise petty cash counts were not

carried out, and in eight cases the offices did not have a safe to store the petty cash box, copies of computer back-up tapes and petrol coupons. Subsequently, safes have been procured and designation action carried out. Country offices will also follow-up with the proper maintenance of records.

Personnel administration

21. In 57 instances shortcomings were found in the administration of service contracts and special service agreements: the selection of contractors was not competitive in 14 cases; contracts were granted without medical clearances in 13 cases; an evaluation of the contractors' performance was not carried out in 13 cases; service contracts were issued for less than 11 months in six cases; and in 11 cases work began before contracts/agreements were signed.

22. The performance appraisal review (PAR) process was late in 20 offices, and official status files were incomplete in eight offices. The PAR process was sometimes delayed because of reassignments. Attendance and leave monitoring requirements were not adhered to in 17 cases. In some cases, clarification of the division of labour between UNDP and UNFPA regarding the maintenance of attendance records and official status files needed reinforcement. Training plans were not prepared in 15 offices, and in another three offices, staff had not been adequately trained in the programme, finance and general administration areas. Given the importance of these issues for effective office management, UNFPA Representatives will focus more attention to human resource management and administration.

General administration

23. Four offices had not obtained quotations for the procurement of goods worth between $2,500 and $30,000. In three offices, sealed bids had not been obtained to ensure that the procurement of goods valued at over $30,000 was competitive. Lack of segregation of duties in the procurement activities was noted in six reports. Also, in six offices, receipt and inspection reports were not prepared, and a further 10 offices were not using pre-numbered and pre-printed purchase orders.

24. Thirteen offices had not finalized common services agreements for the services provided by UNDP. UNFPA has continued dialogue with UNDP concerning the implementation of a formal framework applicable to cost recovery at the country level. Since this framework will apply to all recipients of UNDP-provided services at the country level, the requisite process is complex and requires country-level surveys to assess and validate the prescribed methodology. This process has already commenced, and UNFPA responded to UNDP during February 2003 with input on the proposal for costs of services. Until an accepted system-wide approach can be implemented, UNFPA has proposed an interim mechanism to reimburse UNDP for services previously provided to UNFPA country offices.

25. Controls over inventory were generally found to be inadequate. In 11 offices, inventory management duties were not properly segregated. Incomplete inventory reports were found in

10 offices and in four offices the reports were inaccurate. In 10 other offices, physical inventory counts were not carried out. In another six offices, the results of the physical inventory counts were not reconciled with inventory records. In three offices, the disposal of equipment was not reflected in the inventory records; and in another 11 offices, obsolete equipment was not disposed of in a timely manner.

26. Audits also reported that the management of project and office vehicles had generally not been satisfactory. Vehicle history records were either not maintained (nine offices) or were not reviewed on a regular basis by staff in charge of transportation (eight offices). Other observations related to inadequate controls over fuel consumption (seven offices) and the fact that some vehicles had not been insured (three offices). In four offices, the personal use of vehicles had not been reimbursed. Country offices have taken steps to recover the associated costs. UNFPA will issue guidelines on the need to rationalize the use of vehicles, taking into account security needs and special circumstances in the country.

27. In four offices, travel services were not covered by a contract, and six other offices did not utilize the services of travel agents or airlines used by the other United Nations agencies, thus missing opportunities to derive benefits based on volume of travel. In three offices, some travel claims and supporting documentation were not submitted for travel undertaken. Controls over personal telephone calls were inadequate and the costs involved had not been recovered in five offices. Subsequently, efforts have been made by the offices to recover the costs incurred. Also, country offices have acknowledged the need to secure the most economic and efficient mechanism for travel in partnership with other members of the United Nations country team.

Office automation

28. Audits identified 24 offices that had not prepared a formal disaster recovery plan. Anti-virus software was not installed in two offices and in four offices it needed to be updated. Back-up procedures were found to be inadequate in nine offices. In six offices where back-ups were performed, the back-up tapes were not kept in a safe. In another 12 offices back-up tapes were not kept off-site. Information security was inadequate in 11 offices where passwords were not changed regularly. In eight offices unlicensed software had been used. Country offices took due note and have initiated action to implement corrective measures.

Management audit of the Information, Executive Board and Resource Mobilization Division

29. This was the first internal audit of the Information, Executive Board and Resource Mobilization Division. The management of the programme for the years 2000 and 2001 was found to be deficient. Major areas that require improvement are as follows:

(a) Strengthening monitoring of the subprogramme and projects, including ensuring that expenditure ceilings are not exceeded and annual project reports are available for all projects;

(b) Ensuring that all projects have adequate supporting documentation and ascertaining that project documents are signed by the executing agency;

(c) Ensuring that letters of understanding are signed by the concerned parties for projects executed by NGOs; and that cooperation agreements are completed outlining the basis for the partnership, the responsibilities of each party involved, the conditions for the use of the UNFPA logo, and a budget breakdown by activities;

(d) Ensuring that NGOs receiving grants from UNFPA are registered with the Fund and have signed the grant agreements;

(e) Ensuring that signed contracts exist for all subcontracts and that financial reports are submitted as required;

(f) Ensuring that trust fund contributions are covered by financing agreements.

30. Subsequent to the audit, the audit team held detailed discussions with the Division management concerning specific action required to follow-up on audit findings. Follow-up actions have been taken and implementation is being closely monitored.

Follow-up mission

31. In 2002, UNFPA conducted an on-site review of the appropriateness of measures taken by one country office to implement audit recommendations. The country office, which was rated seriously deficient in 2001, was found to have made a notable effort in complying with rules and regulations. However, weaknesses in the area of programme management still had not been addressed. The concerned geographic division has since closely monitored the follow-up to the findings of the mission. In addition, a new Representative has been assigned to the office and the staff have been given additional training in financial management. DOS and the concerned geographic division will continue to monitor the performance of this office.

Follow-up and special studies

32. As a follow-up to issues raised by the United Nations Board of Auditors concerning UNFPA operations as well as issues emerging from internal audit reports, in the course of 2002 OOE conducted a statistical analysis of audit trends and a longitudinal study. OOE also commissioned an independent review of the audit function that yielded helpful recommendations in regard to audit planning.

33. Based on this analysis, priority audit issues were identified for consideration and follow-up by management in 2003. Priority items for UNFPA management action include: (a) improving monitoring of implementation of audit recommendations; (b) improving compliance with procurement procedures; (c) noting the issuance of advances and release of grants/subcontract budgets without duly signed documentation in the assessment of staff

performance; (d) rationalizing the use of office vehicles; (e) improving programme/project monitoring and reporting; (f) completing negotiations with UNDP concerning service agreements for services rendered to UNFPA; (g) transparent implementation of the country office typology; and (h) improving financial discipline to eliminate unauthorized over-expenditure.

34. To date, the selection of units to be audited has mainly been based on the periodicity of audits and an informal assessment of risks. In a few special instances senior management has requested that an ad hoc management audit be conducted. Towards the end of 2002, OOE introduced a more structured risk-based approach to audit planning to enable UNFPA to more effectively focus and derive optimum benefit from its limited audit resources. Risk factors applied in preparing the 2003 audit plan include: status of the operating fund account balance, status of submission of financial reporting forms, support of construction in the programme, extent of government execution, extent of UNFPA execution, support of subcontracts, findings of project audits and past audit ratings. This system will be further refined and fully computerized in 2003. In order to promote accountability and compliance, implementation of audit recommendations is now taken into account in the performance assessment of senior staff.

The comprehensive audit and recommendation database system

35. After audit reports are issued, country offices are requested to enter and update the proposed follow-up action into the comprehensive audit and recommendation database system (CARDS), a web-based audit recommendations management system. The system also constitutes a monitoring tool to track the status of implementation of audit recommendations. In 2002, a few offices experienced difficulties in accessing CARDS due to inadequate Internet connectivity. Some offices entered very detailed follow-up plans; others, while committed to following up, were less specific. Cognizant of the importance of closely monitoring follow-up actions, OOE has reminded field offices and headquarters divisions of the need for timely and specific follow-up plans. A more rigorous monitoring system will be initiated in 2003.

IV. REVIEW OF AUDITS OF PROJECTS EXECUTED BY GOVERNMENTS AND NON-GOVERNMENTAL ORGANIZATIONS

36. On 1 March 2001, the UNFPA Audit Section assumed responsibility for monitoring and reviewing audits of projects executed by governments and NGOs. For 2001 the number of such projects was 1,142. Eighty-two per cent of the audit reports were received late and 19 per cent of the reports submitted to headquarters had qualified opinions. This is an improvement over the previous year when 94 per cent of the reports were received late and 26 per cent of the reports had qualified audit opinions. Weak internal controls were the main reason for the audit qualifications. It should be noted that for this exercise, reports for a given year are received at headquarters in the following year. The process involved the maintenance of databases on audit plans, audit reports and evaluations, review of audit reports by consultants and staff, followed by the preparation and issuance of evaluations. Regular follow-up with country offices and divisions was also performed.

37. The Executive Board may wish to note that, as a result of the tremendous efforts made to increase project audit coverage, the Fund's financial statements for the 2000-2001 biennium received an unqualified audit opinion.

38. The review of 542 audit reports for projects executed by governments and NGOs in 61 countries indicated the following:

Adequacy of the audit plans submitted by the country offices

39. Audit plans were satisfactory for 34 offices, partially satisfactory for 22 offices and deficient for five offices. Offices are required to submit their audit plans showing details of the projects to be audited, executing agencies, estimated expenditures to be audited, the terms of reference for the auditors and the estimated audit costs. The audit plans that were rated partially satisfactory did not include some of the above information while those rated deficient either did not provide most of the above information or were not submitted.

Adequacy of audit scope

40. The audit scope was satisfactory in 43 offices; it was partially satisfactory in 12 offices and was deficient in six offices. Offices are required to provide the auditors with the audit scope requirements set out in the Financial Manual. Audits should address areas such as: project internal controls, accounting books and records, certification statements and the periodic financial reports. The audit reports that were rated partially satisfactory did not address some of the above areas while those rated deficient did not address any or most of the above areas.

Completeness of audit reports

41. Reports submitted were complete in five offices. Reports did not meet some of the requirements in 46 offices and they were deficient in another 10 offices. Audit reports should convey the auditors' findings, recommendations and overall opinion, as well as the executing agencies' management comments. Audit reports should also be accompanied by certified copies of all the financial forms, and where an executing agency is also managing funds provided by other donors, a separate audit report is required for the funds provided by UNFPA.

Certification of financial reports

42. Financial reports should contain certification statements signed by authorized officials of the executing agencies. The purpose of the statements is to certify the propriety of the information contained in the financial reports. Financial reports were properly certified in 41 offices. Some reports were not certified in 13 offices and all reports were not certified in seven offices.

Adequacy of the country offices' assessment of the audit reports and action plans

43. The Financial Manual requires offices to review audit reports and prepare an assessment of their compliance with audit requirements. Where there are adverse audit findings, the offices should discuss solutions with the executing agencies and agree on follow-up action plans. The assessment of audit reports and the preparation of action plans were satisfactory in three offices; either the assessment or the action plan was missing in 15 offices; and neither an assessment nor an action plan was available for 43 offices.

44. Issues raised in the project audit reports reviewed include:

(a) Bank reconciliations were not performed on a monthly basis by some projects in 22 countries, and some cases of inadequate supporting documentation for payments were noted in 26 countries;

(b) Financial forms were not submitted to UNFPA offices on time by some projects in 11 countries. Some projects in 46 countries submitted financial forms that were either incomplete or erroneous. In five countries some financial forms were certified by individuals other than those listed on the letters of understanding;

(c) Operating fund accounts had not been reconciled with headquarters in 12 offices;

(d) Competitive procedures were not adequately followed for the procurement of some goods and services by projects in nine countries; and the receipt and inspection of goods was not properly documented by some projects in three countries;

(e) Inventory records were incomplete for some projects in 16 countries, and some non-expendable equipment could not be located by the auditors in four other countries;

(f) Project personnel had not been adequately trained on UNFPA procedures in five countries.

45. It should be highlighted that offices generally appreciate the feedback provided to them by the Audit Section, as it enables them and the project authorities to better address identified weaknesses. The feedback also served to impress upon the offices the importance of planning timely project audits.

V. ANALYSIS OF MIDTERM REVIEWS

46. OOE analyzed a total of 20 midterm reviews (MTRs), undertaken during 2001-2002, of UNFPA-assisted country programmes. There were 11 MTRs in 2001 (four in Africa, five in Asia and the Pacific region and two in the Arab region) and nine in 2002 (one each in Africa and Latin America and seven in Asia). Findings indicated that most of the programmes reviewed set similar results of achievement, regardless of the population size, level of programme resources,

or problems identified in the country. Programme results were in line with the Fund's results framework delineated in the multi-year funding framework (MYFF) even though the programme emphasis, indicators and targets differed from country to country. The MTR process was participatory in all countries, involving NGOs and donor representatives. In the case of one MTR, local managers and governors of the project areas presented information on good practices from successful projects, generating much interest among programme partners and participants from other organizations. The MTR became a forum for the exchange of information and served to promote ownership, commitment and political support for the programme. In another instance, the UNFPA MTR was used as input to a joint United Nations Development Assistance Framework (UNDAF) midterm review, chaired by UNFPA.

47. Attempts to move towards a results orientation were evident from most of the MTRs reviewed. Reviews focused on programme outputs rather than on individual projects, a distinct change from the past. Good examples of analytical, results-oriented documents were found in a few countries. Mainly, these were in countries that had conducted surveys and rapid assessments and had established monitoring mechanisms and health service records. A clear programme focus together with a relatively developed national capacity seemed to have facilitated the monitoring and analysis of performance. While all MTRs attempted to use indicators, some focused too much on discussing each indicator in detail rather than on connecting them to performance analysis. The availability, accessibility and reliability of data, especially at the decentralized level, were problematic in all countries to varying degrees, limiting the extent and quality of analysis and hampering the opertionalization of a results-based approach. In a few countries, however, good analysis of performance was done without using logical framework (logframe) indicators but rather using data from the rapid assessments that had been conducted. By using these data as performance indicators, the MTRs were able to identify some perceptible changes that had taken place since programme inception. The MTRs urged UNFPA to help strengthen the capacity of appropriate national institutions to develop national and local databases.

48. The MTRs determined that UNFPA programmes of assistance continued to be relevant despite notable changes in the national contexts in some countries due to unstable situations caused by civil unrest, internal political strife, natural disasters, economic difficulties, out-migration, as well as by the departure of some of the major donors and dwindling donor support. However, some adjustments were recommended in view of emerging needs, reduced UNFPA funds and the ambitious outputs originally envisaged. The MTRs also identified the need to make monitoring more effective through an appropriate selection of indicators and use of simple monitoring instruments, as well as standardized reporting formats for efficient data collection. Despite having introduced programme and logframe approaches, some of the programmes still featured too many stand-alone projects that diluted the focus of the programme and spread resources too thinly to produce a measurable impact.

49. The reviews found that the Fund's financial constraints had impacted many of the country programmes at a critical time when implementation had reached a certain momentum. The resulting programme downsizing not only disrupted planned activities but also affected

overall programme design and coherence. Some programme budgets were reduced by almost half. A great deal of time was spent on cutting budgets and rescheduling activities, rather than on programme implementation. One MTR highlighted the importance of having a stable, enabling environment to influence outcomes and impact. Even though planned outputs were being produced, there had not been any improvement in the outcome due to political and economic turmoil. However, in other, more stable environments, the programmes reviewed revealed progress despite financial constraints and human and institutional capacity limitations.

Access to quality, client-oriented reproductive health services

50. While all the programmes reviewed aimed to increase access to quality reproductive health services, some countries placed special emphasis on certain aspects, such as client orientation, voluntary approach, informed choice, integrated reproductive health service approach and a wide variety of contraceptive methods. The most common indicators used were those related to the extent of availability of services at service delivery points (SDPs) and the quality of care provided by these services according to specific standards. These standards typically included elements of technical competence, interpersonal relations, informed choice, referral mechanisms and facility readiness. The review found that some of the programmes were progressing faster than expected and targets had already been reached. Also, concepts of "population control" or "contraceptive targets" were being replaced with a quality service delivery approach and a rights-based approach. In addition, national guidelines for the use of different contraceptives methods were being revised. The challenge was to operationalize these guidelines.

51. The MTRs also reported other progress, including the development or revision of reproductive health policy, reproductive health clinical guidelines and protocols; development, standardization and improvement of recording systems and instruments; institutionalization of supervisory and quality assurance systems; and institutional capacity development through management information systems, management training and training of various health personnel. NGO and the private-sector service networks were also included in several of the programmes, although many of the NGOs were found to have limited managerial capacity. Training was a major component of national capacity development efforts and was reported in terms of the number of courses and trainees, rather than the effect of training. One programme, however, tried to connect training activities with the actual improvement in quality of services. In this case, progress was measured not only in terms of the percentage of service providers trained per SDP, but also the coverage of SDPs whose service providers were adequately trained and providing quality reproductive health services, including referrals on violence against women. Although the quality of care survey tool required some refinement, the focus on practice as a measure of capacity development was commendable.

52. In a few Arab and South Asian countries, the limited number of female service providers posed a problem for reproductive health service delivery, as female clients, for cultural reasons, especially in rural areas, do not accept male providers. In such cases, a positive correlation between the number of female clients and the presence of female workers was reported. In other

countries, especially in Central Asia, generalized poverty was found to hinder health-seeking behaviour. Poverty was more pervasive in rural areas and rural women and youth/adolescents were most affected. The condition of the facilities was also an obstacle to providing quality services. In Central Asia, the majority of medical facilities did not have adequate gynaecological equipment, electricity or running water, and required major repairs and refurbishing.

53. While the concept of reproductive health has been promoted and adopted, the MTRs pointed to the continuing importance of family planning. In some countries, as a result of UNFPA efforts to increase the availability of contraceptives and promote better family planning practices, abortion rates had declined and contraceptive usage had increased. In some countries, however, there were contraceptive shortages and high discontinuation rates, which affected the contraceptive prevalence rates (CPRs). A number of countries benefited from the contraceptives procured with the extrabudgetary funds provided by the Governments of Canada, the Netherlands and the United Kingdom for reproductive health commodities. The MTRs pointed out that long-term solutions were needed to strengthen national institutional capacity for contraceptive logistics management.

54. The MTRs underscored the importance of improved coordination among national partners and donors in the areas of training and information, education and communication (IEC) activities so as to avoid overlap or parallel activities. Furthermore, the lack of consistency in the curriculum and content and the lack of a national IEC strategy were identified as problems. The effectiveness of training and IEC materials was also questioned in instances where follow-up supervisory systems were lacking; the quality and appropriateness of IEC materials were in doubt; or the quantity of IEC materials was insufficient to support reproductive health services. In order to ensure cost-effectiveness of training, the following factors were considered essential: the use of selection criteria; the appropriate use of trained staff after training; a system of supervision and quality assurance; and the availability of equipment and supplies to facilitate improved service delivery by those who had been trained. It was also observed that adolescents and youth were becoming popular target groups for many donors, thus requiring greater coordination and consultation between the concerned ministries.

55. The MTRs revealed that prevention and management of sexually transmitted infections (STIs), including HIV/AIDS, were the weakest of the three main reproductive health components in many countries, although STIs were rising and fast becoming one of the main public health problems. The HIV/AIDS situation was steadily worsening in Central Asia, and the low awareness of STIs/HIV/AIDS among youth was also a concern in these countries. The MTRs pointed to the need to review advocacy and reproductive health/IEC initiatives and to strengthen outreach and counselling activities targeting youth and other high-risk groups. However, it was acknowledged that the full integration of the management and prevention of STIs/HIV/AIDS at the primary heath care level remained a challenge due to the lack of expertise, lack of equipment, and the health system structure and coordination within the Ministry of Health, where STIs/HIV/AIDS often were under a separate department dealing with disease control.

Knowledge, attitude and behaviour change among youth, women and men

56. Assessing the progress of interventions aimed at increasing knowledge and changing attitudes and behaviour at midpoint in the programmes was found to be difficult due to the lack of data in many countries, even though in a few cases surveys revealed increased knowledge on certain subjects. IEC activities were undertaken for various target groups in clinics, schools, work places, social programmes and communities using the telephone and through the mass media. Sociocultural studies related to attitudes and behaviour were conducted, and youth were targeted through school education, extra-curricular activities and out-of-school activities. To address the needs of adolescents school curricula were revised on such issues as life skills, early marriage, gender equality and women's empowerment. However, the impact of education on attitudes and behaviour among the teachers and students was not yet known. Youth clubs, sports clubs, NGOs and peer educators were identified as being effective in reaching out-of-school youth, although the high turnover among peer educators was a constraint. Population education had also been institutionalized in vocational training, mass literacy programmes and other sectoral programmes. It was observed, however, that some trainers shied away from talking about reproductive health issues. The MTRs advised that adolescent reproductive health should not be treated as a separate sector but rather as an integral part of adolescent development. Also, UNFPA was urged to develop partnerships with government agencies and NGOs to address different facets of adolescent needs.

57. The use of community-based distributors (CBDs) proved to be a successful approach, often combining reproductive health information and services with other activities such as the provision of legal support and information related to women's rights. Available project records showed consistently rising CPRs, increased rates of clinic visits and referrals and a contraceptive mix favouring temporary and barrier methods in project areas. Women were beginning to better recognize the high risk of STIs and the importance of safe practices. CBDs were regarded as good vehicles for social mobilization and it was recognized that they could also be used in other programmes such as those focusing on the prevention of gender-based violence, poverty eradication and environmental education. The MTRs identified a need for stronger intersectoral linkages within the education sector and among the education and health sectors and NGOs. The MTRs recommended the development of need-based and area-specific communication plans, strong relationships with the media, improved coordination, and the conduct of evaluations to assess the effectiveness of IEC and behaviour change communication interventions. In a couple of countries where family planning had been successful and fertility had declined, the level of contraceptive use had levelled off, and it was suggested that new and different attempts to change behavioural patterns might be needed. The noncommittal attitude of men and their resistance, especially to the use of condoms, called for special attention and specific strategies.

Mainstreaming gender concerns and support to women's equality and empowerment

58. Gender concerns were an integral part of many of the country programmes reviewed. Issues of foeticide, dowry, early marriage and gender-based violence were of primary importance. Male involvement remained difficult, and considerable work was still needed to

increase the role of men as responsible partners. The issue of gender equity within the health system was also identified as a problem that needed to be addressed in some countries. Workshops and research were supported to identify gender issues and to evaluate the status of women in society, including the status of women as reflected in policies, strategies and plans. In some countries, a national gender strategy was prepared. Skills development training and literacy classes were organized for women, linking these activities with reproductive health information. Educational materials and posters were produced to sensitize women about their legal and social rights and obligations, and legal and social counselling were offered. In a few countries, microcredit and small business opportunities were made available and guidance was provided to women interested in starting small businesses.

Population and development issues

59. The reviews indicated that national population policies had been developed or revised with the support of UNFPA. The process of consultations with NGOs, universities and communities had made it possible to collect information from a grass-roots perspective on the interrelationships between population and development. UNFPA had also promoted a policy dialogue on population policies at the subnational level to ensure that policies were gender-sensitive and people-centered, and in line with the national population policy and the principles of the International Conference on Population and Development (ICPD). The MTRs also noted that UNFPA had contributed to a shift in the approach to development planning: from one built around specific sectoral targets to integrated population and development planning. There was evidence that policy makers and parliamentarians were beginning to appreciate the linkages between population and other developmental concerns, and were consequently adopting long-term development strategies that fully incorporated population dimensions. Many of the programmes reviewed also aimed to improve the availability and use of data generated through surveys, censuses and research for policy formulation. In some cases, there was little evidence-based research to guide the formulation of policies. The MTRs found that support for research needed to be more closely linked with policy questions. UNFPA support for university programmes and teacher training was expected to improve human resource capacity in demography, research and development planning.

Political commitment to and public support for population, reproductive health and gender issues

60. Politicians, parliamentarians, community and religious leaders and other influential people had been mobilized in various ways in a number of the programmes reviewed. In addition, UNFPA had sensitized and trained journalists in order to enhance their skills and increase media coverage. Publications, television and radio programmes had been effectively used, and seminars, workshops, study tours and advocacy campaigns organized. UNFPA had also helped to build a coalition of parliamentarians, journalists and NGOs that had already yielded some positive effects, including: support for girls' education by a group of high-level government officials and advisers; successful partnerships with NGOs, women's organizations and religious leaders; and the development of a national gender policy. In general, community leaders were found to be supportive of reproductive health and gender issues. Some MTRs

found that some advocacy activities had been too broadbased, and recommended that UNFPA should select specific geographic areas for intensive advocacy activities while retaining an appropriate focus at the national level.

Donor coordination

61. While the importance of government coordination of donor assistance was universally recognized, the MTRs concluded that coordination was still limited. It was recognized that coordinating donor assistance was a challenge for governments and meeting donor requirements for financial and substantive reporting was a heavy responsibility. In this regard, the MTRs encouraged governments to have all national implementing agencies use standardized reporting formats in an effort to simplify and facilitate timely reporting on programme activities. Moreover, the MTRs urged governments to be more proactive in setting national population and health priorities and in assuming a stronger coordination role among national actors and donors using a sector-wide approach.

Decentralization

62. Working in decentralized environments with local counterparts offered important opportunities to engage in participatory processes. The participation of key players at the local level in the planning and management of projects had contributed to building the capacity of local institutions. As a result, the MTRs noted a keen sense of ownership among local counterparts. However, it was also noted that when the degree of decentralized authority differed from one ministry to another, coordination among different actors was difficult and affected programme performance. Different administrative and geographical divisions (e.g., health district, school district, parishes, municipalities), organizational cultures and institutional administrative procedures were also found to limit the capacity of relevant government institutions to work together in a collaborative manner.

Geographic focus

63. While a number of the programmes reviewed supported the expansion of reproductive health service delivery on a national scale through various networks, some concentrated support for service delivery in selected geographic areas. In general, the reviews found the following trend: UNFPA appeared to be narrowing its geographic focus to support innovative or experimental interventions or small activities that would otherwise have been ignored in full-scale programmes. Even in the case of a programme that was supporting the expansion of reproductive health services, the MTR recommended that UNFPA focus on certain areas or level/type of integrated of reproductive health service delivery. As one MTR suggested, impact could be enhanced if areas were selected based on certain strategic geographic/population variables, and if focused interventions in these areas were linked to the central level to advocate on issues or approaches for wider adoption.

VI. POLICY APPLICATION REVIEW

64. In 2002, the OOE conducted a policy application review of one country programme in the Latin America region and continued to follow-up on the implementation of recommendations of similar reviews in previous years. The objective of these reviews is to ensure accountability at all levels of decision-making within UNFPA in an increasingly decentralized working environment, and to ascertain a results-based orientation in UNFPA operations at headquarters and field levels. These reviews are conducted by senior staff to examine in depth the process of programme development and management taking due account of the roles played by concerned country offices and headquarters staff, as well as the CSTs. Each review also examines the steps taken to achieve the UNFPA mission, particularly in promoting the implementation of the ICPD Programme of Action, and the part the country office plays within the United Nations resident coordinator system. In addition, the opportunity is taken to assess the relevance and clarity of UNFPA policies and procedures, and to identify areas where greater clarity in programme policy and technical guidance are needed.

65. These reviews provide senior management with information on the Fund's performance in selected countries and make recommendations for improvements. At the same time, they serve as a conduit for field staff to provide feedback on the nature and quality of support they require and receive from headquarters and the CSTs. The Executive Director, in consultation with the Executive Committee, decides on the follow-up action needed in response to each review. Responsible parties in the field and at headquarters, as appropriate, are designated and the concerned divisions are accountable for implementing follow-up action and reporting on the outcome of these efforts. The OOE monitors and reports on follow-up action at the global, organizational level.

66. The review conducted in 2002 was of a category "B" country in which the fourth cycle of programme assistance was coming to a close and steps to develop the next UNFPA programme of assistance were under way. A UNFPA Country Director covered the country office. The country office had taken a lead role in supporting the Government in the implementation of the ICPD Programme of Action and its follow-up with the formulation and promulgation of a national health plan, a process that brought together the Government, civil society, NGOs and a number of bilateral and multilateral organizations. It had also played a key role in supporting the development of norms and standards for family planning, adolescent-friendly services, maternal health and the prevention of HIV/AIDS. Reproductive health had become a component of basic health services that figured as a specific programme within the integrated life cycle/health care model developed under the health sector reform. The country office had worked closely with WHO in the health-sector reform process.

67. In addition, the country office had effectively promoted collaboration among different government organizations and between government organizations such as the Ministry of Health and NGOs. It had also been an effective member of the United Nations country team and selected United Nations theme groups and had demonstrated a clear comparative advantage, both in terms of its technical expertise in reproductive health and gender, and through its network of

central and local level partners. UNFPA was one of five organizations managing a joint project for the empowerment of adolescent women. The country office had provided substantive inputs to the United Nations common country assessment (CCA) process. An accelerated, systematic and collaborative process for developing the UNDAF had also been established. The review recommended that the country office ensure that population trends and their impact on development are taken into account in the UNDAF process, and that the UNDAF also consider the adoption of additional population and reproductive health goals and targets such as population growth rate and contraceptive prevalence.

68. Considering that a substantial part of programme expenditures officially executed by the Government was in fact direct payments, the role of UNFPA in programme execution was substantial. According to the country office and government counterparts, the direct payment modality had greatly facilitated project implementation and avoided constraints caused by the Government's bureaucratic financial and administrative procedures.

69. The review found that the UNFPA programme of assistance had effectively supported national organizations in achieving their objectives of providing gender-sensitive sexual and reproductive health services and information. For one, the relevance of the UNFPA programme of assistance to their objectives had been a determining factor in the achievement of programme results. Another conducive factor had been the positive contribution the UNFPA-funded programme support project had made in providing technical and managerial assistance to the country programme. This project provided for a small technical team of national project personnel (NPP) that had played a critical role in ensuring programme quality and effective delivery. The team had promoted the development of national capacity to plan, implement and monitor programme activities, and had helped ensure consistency of the country programme with the ICPD Programme of Action.

70. Mainstreaming the logframe approach had been an iterative process driven by the NPP with support from the CST. Although the review found that national counterparts had adopted a logframe approach to project management and had gradually improved their skills in reporting progress against results, particularly at the project level, there was still a need for improvement. The review also found that a project and programme monitoring system had gradually been established and was managed by the NPP using the recently revised UNFPA results-oriented monitoring formats. Document reviews and interviews with national counterparts confirmed that these formats were easy to use, and combined with project and programme logframes, facilitated results-based project and programme monitoring. In addition, the country office had implemented a rigorous calendar of programme and project review meetings and regular field visits that provided opportunities to share information, develop a common vision of programme aims and address technical and implementation issues.

71. Although project evaluations had been of varying quality, they had yielded useful findings that were taken into account at the time of the MTR. The country programme evaluation process had been thorough and the findings had been used for the formulation of the new country programme outline. Evaluation findings pointed to the need for better data

collection systems to be established within national counterpart organizations executing projects, and for baseline surveys to be conducted in the context of the next programme of assistance. The review urged the country office to make systematic efforts to draw lessons learned from evaluations undertaken, establish plans for follow-up to recommendations, and consider employing different approaches to disseminate evaluation findings to a variety of audiences. The review also underscored the importance of ensuring that mechanisms were in place to collect indicator data. It suggested that where data could not be obtained from existing sources, the country programme should include activities and resources needed to establish a data collection system that could be institutionalized within government management practices.

72. The development of the new UNFPA programme of assistance was participatory and involved both current and potential national counterparts from the central and local levels. The process had been iterative, using problem analysis and results identification at various stages in order to refine a working logframe. Even so, the review pointed to the need to undertake a more rigorous cause-and-effect analysis in the identification of the chain of results, and to apply established criteria in the selection of indicators when finalizing country programme components. In the context of efforts to promote better monitoring and evaluation practices in UNFPA, the review team held a half-day workshop with the country office to reinforce the concept of the chain of results; review basic principles for identifying good indicators; and suggest different approaches that could be used to promote the utilization of evaluation results.

VII. RECOMMENDATION

73. **The Executive Board may wish to take note of the present report.**

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